

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)	
WES CANA ENERGY MARKETING (U.S.) INC.)	FE DOCKET NO. 92-110-NG
_____)	

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS, INCLUDING
LIQUEFIED NATURAL GAS

DOE/FE OPINION AND ORDER NO. 708

NOVEMBER 13, 1992

I. DESCRIPTION OF REQUEST

On August 24, 1992, Wes Cana Energy Marketing (U.S.) Inc. (WCEM), filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authority to import and export up to an aggregate total of 200 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico, and other countries over a two-year term beginning on the date of first delivery. WCEM proposes to use existing pipeline and LNG facilities for the volumes to be imported or exported.

WCEM, a Delaware corporation with its principal place of business in Calgary, Alberta, is a wholly-owned subsidiary of Saskatchewan Oil and Gas Corporation and a full service natural gas marketing company. WCEM is engaged in the purchase, aggregation and resale of natural gas. Under the requested authority, WCEM would make supplies of natural gas and LNG available to a wide range of markets in the United States, Canada, Mexico and other countries, including pipelines, local distribution companies, and commercial and industrial end-users.

WCEM asserts that the specific pricing and other terms of each import and export arrangement conducted under the requested authorization would be determined by competitive factors in the gas markets served and would be arrived at through arms-length negotiations. WCEM would submit quarterly reports detailing each transaction.

A notice of the application was published in the Federal Register on September 1, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 1, 1992. 1/ No interventions or comments were received.

II. FINDING

The application filed by WCEM has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(a) an import/export must be authorized unless there is a finding that it "will not be consistent with the public interest. 2/ Under section 3(c), the import and export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. In addition, section 3(c) also applies to LNG imports, regardless of whether the United States has a free trade agreement in effect with its foreign LNG supplier. The authorization sought by WCEM to import and export natural gas, from and to Canada, as well as to import LNG, meets the section 3(c) criterion and is therefore consistent with the public interest.

1/ 57 FR 39681. —

2/ 15 U.S.C. 717b. —

WCEM's application, to the extent it proposes to import and export natural gas from and to Mexico, as well as to export LNG to other countries, is not governed by section 3(c), leaving DOE to decide whether such an application is in the public interest. With regard to gas exports, the principal consideration guiding DOE is the domestic need for the gas to be exported and any other issues determined to be appropriate in a particular case. DOE notes that natural gas supplies in the United States are expected to be more than adequate to meet consumer demand. For this reason, and because WCEM's transactions will be short-term and market responsive, it is unlikely that the volumes exported to Mexico and other countries will be needed domestically during the term of the authorization.

WCEM's proposal to import natural gas from Mexico and other countries, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The authorization sought would provide WCEM with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under WCEM's proposed import/export arrangement, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive.

Finally, WCEM's uncontested proposal, like other blanket import proposals that have been approved by DOE,^{3/} will further the Secretary's policy goals of reducing trade barriers by promoting a more market-oriented gas trade between the United States, Canada, Mexico and other countries. Based on the forgoing, and after taking into consideration all of the information in the record of this proceeding, DOE concludes that authorizing WCEM to import and export natural gas, from and to Canada, Mexico and other countries is not inconsistent with the public interest.^{4/}

ORDER

For the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Wes Cana Energy Marketing (U.S.) Inc. (WCEM), is authorized to import and export up to a combined total of 200 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico and other countries over a two-year term beginning on the date of first delivery.

^{3/} E.g., Fina Natural Gas Company, 1 FE 70,517 (December 27, 1991); Enron Gas Marketing, Inc., 1 FE 70,512 (December 18, 1991); and Enserch Gas Company, 1 FE 70,558 (April 10, 1992).

^{4/} Because the proposed import/export of gas will use existing facilities, DOE has determined that granting this application is

not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore

— — neither an environmental impact statement nor environmental assessment is required. See 40 CFR 1508.4 and 57 FR 15122

— (April 24, 1992).

B. This natural gas may be imported or exported at any point on the international borders where existing pipeline or LNG facilities are located.

C. Within two weeks after deliveries begin, WCEM shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import or export delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports/exports authorized by this Order, WCEM shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas, including LNG, have been made. If no imports/exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, WCEM must report monthly total volumes in Mcf and the average purchase or sales price per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including (1) the country of origin for the import(s); (2) the destination of the export(s); (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry or exit; (8) the geographic market(s) served; (9) whether the sales are being made on an interruptible or firm basis; and,

(10) if applicable, the per unit (MMBtu) demand/commodity/ reservation charge breakdown of the contract price; any special contract price adjustment clauses; and any take-or-pay or make-up provisions.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1992.

Issued in Washington, D.C., on November 13, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy